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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/04/08

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## 1) TOP HEADLINES

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, September 3, 2008

NIKKEI (Page 2) (Full)

September 4, 2008

09:48

Met with Meteorological Agency Director General Hiraki at the Kantei, followed by Cabinet Office Director General Omori.

10:42

Met with Chief Cabinet Secretary Machimura.

11:47

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Met with State Minister for Economic and Fiscal Policy Yosano.

14:02

General assembly of LDP lawmakers from both Diet chambers

14:52

Meeting of the national council on social security at the Kantei

16:08

Met with Vice Economy, Trade and Industry Minister Mochizuki and Small and Medium Enterprise Agency Director General Hasegawa.

17:01

Met with State Minister for Consumer Administration Noda, followed by Vice Cabinet Office Minister Yamamoto.

17:56

Arrived at the official residence.

4) Poll: LDP support rate rises after premier announces resignation; Aso ranks as top choice for next premier with 35 PERCENT of public

TOKYO SHIMBUN (Top play) (Full)

September 4, 2008

In the wake of Prime Minister Yasuo Fukuda's recent announcement of his resignation, Kyodo News conducted a telephone-based spot nationwide public opinion survey from the evening of Sept. 2 through Sept. 3. In the poll, respondents were asked who they thought would be appropriate for prime minister after Fukuda. In response, Taro Aso, secretary general of the ruling Liberal Democratic Party, ranked first with 35.3 PERCENT. Respondents were also asked which political party they would like to vote for in the next election for the House of Representatives in their proportional representation blocs. To this question, 38.4 PERCENT chose the LDP, with 34.9 PERCENT preferring the leading opposition Democratic Party of Japan (Minshuto). As seen from these figures, the LDP slightly outstripped the DPJ.

Asked about the framework of government, 43.3 PERCENT chose an "LDP-led coalition government," up 8.5 percentage points from the last survey taken in August. Those preferring a "DPJ-led coalition government" accounted for 41.7 PERCENT, down 6.5 points. In this preference of coalition government, the LDP topped the DPJ for the first time in about six months since the March survey. In the breakdown of public support for political parties as well, the LDP rose 8.1 points to 36.8 PERCENT, with the DPJ dropping 3.2 points to 27.0 PERCENT.

Prime Minister Fukuda, whose cabinet's popularity has been hanging low, will now step down, and the LDP will elect a new president. Public expectations for this seem to be a factor behind the rebound in the party's public support.

In the survey, respondents were further asked to pick one from among 10 LDP lawmakers as an appropriate person to become the next prime

minister. Ranking next to Aso was former Prime Minister Junichiro Koizumi at 15.0 PERCENT , followed by former Defense Minister Yuriko Koike at 9.2 PERCENT , Health, Labor and Welfare Minister Yoichi Masuzoe at 8.5 PERCENT , and former LDP Policy Research Council Chairman Nobuteru Ishihara at 7.1 PERCENT .

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Asked about Fukuda's announced resignation, 67.8 PERCENT answered that it was "irresponsible." His cabinet's support rate was 23.5 PERCENT , down 8.0 points.

In the breakdown of public support for political parties other than the LDP and the DPJ, the New Komeito, the LDP's coalition partner, was at 2.5 PERCENT , with the Japanese Communist Party at 1.7 PERCENT , the Social Democratic Party at 1.9 PERCENT , the People's New Party at 0.4 PERCENT , and the New Party Japan at 0.8 PERCENT .

5) Poll: 56 PERCENT call for snap election, 66 PERCENT see premier's resignation as "irresponsible"

ASAHI (Top play) (Abridged)  
September 4, 2008

In the wake of Prime Minister Fukuda's announcement of his resignation, the Asahi Shimbun conducted a telephone-based spot nationwide public opinion survey. In the survey a total of 66 PERCENT answered "yes" when asked if they thought the prime minister's sudden announcement of his resignation was irresponsible, with 25 PERCENT saying "no." The answer "yes" accounted for 77 PERCENT among those who support the leading opposition Democratic Party of Japan (Minshuto), 64 PERCENT among those with no particular party affiliation, and 61 PERCENT even among those who support the ruling Liberal Democratic Party. There was strong criticism irrespective of party affiliation. In the survey, respondents were also asked if they thought the House of Representatives should be dissolved for a general election as early as possible. To this question, "yes" accounted for 56 PERCENT , with "no" at 33 PERCENT .

Respondents were also asked who they would like to see become the next prime minister. In this popularity rating for post-Fukuda premiership, LDP Secretary General Taro Aso ranked first at 30 PERCENT . The second-ranking person was DPJ President Ichiro Ozawa at 8 PERCENT , followed by former Prime Minister Junichiro Koizumi at 4 PERCENT and former Defense Minister Yuriko Koike at 3 PERCENT .

In the breakdown of public support for political parties, the LDP stood at 29 PERCENT (26 PERCENT in the last survey), with the DPJ at 21 PERCENT (20 PERCENT in the last survey). In the popularity ranking of political parties for proportional representation in the next election for the House of Representatives, the LDP marked 28 PERCENT (27 PERCENT in the last survey), with the DPJ at 32 PERCENT (31 PERCENT in the last survey).

6) LDP presidential race: Koike rushing to collect endorsement signatures; Ishihara also in spotlight as third candidate

MAINICHI (Top Play) (Excerpts)  
September 4, 2008

Secretary General Taro Aso has already announced his intention to run in the Liberal Democratic Party's (LDP) presidential election. Former Defense Minister Yuriko Koike is now trying to secure endorsement signatures needed to run in the race. Mid-ranking lawmakers, including former Policy Research Council Chairman Nobuteru Ishihara, who is eager to run in the race, have launched efforts to field a third candidate in a cross-sectional move. Names like Ishihara, former Chief Cabinet Secretary Yasuhisa Shiozaki and

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State Minister for Administrative Reform Toshimitsu Motegi were cited at a meeting of 10 such lawmakers. In the meantime, State

Minister for Consumer Administration Seiko Noda, who had left open the possibility of running in the race, ruled out the possibility.

Aso will formally declare his candidacy on the 8th. He will focus on preparations for the race, including mapping out a policy platform, by leaving his duties as secretary general to General Council Chairman Takashi Sasagawa. The primary concern for Koike is whether she can secure the 20 endorsements needed to run in the presidential election.

7) Koike trying to secure necessary number of sponsors to run for LDP president

SANKEI (Top Play) (Excerpts)  
September 4, 2008

The Liberal Democratic Party decided in meetings of the Executive Council and other committees yesterday to officially announce the presidential election to select a successor to Prime Minister Yasuo Fukuda on Sept. 10 and hold the election on the 22nd. The party reported the decision in a joint plenary meeting of party members of both Houses of the Diet. Taro Aso will resign as secretary general on the 6th to run for the party presidency and will leave the post to the acting secretary general. Within the party, moves are accelerating to field rival candidates to run against Aso. Former Defense Minister Yuriko Koike has already indicated a willingness to run in the election and is now eagerly trying to secure the necessary number of recommenders. Junior members are also gearing up to field their own candidate.

In a press conference in Tokyo yesterday, Koike expressed her eagerness to run in the election, saying: "I have contacted many party members." Changing her initial schedule and confining herself to her office in the House of Representatives Dietmembers' Building yesterday, Koike devoted herself to canvassing names of the 20 party members needed to run for party presidency. Yamazaki faction members and others have recommended former Policy Research Council Chairman Nobuteru Ishihara, but the focus of attention is on whether such potential candidates will be able to secure the necessary number of recommenders.

Aiming at "policy debate in an open presidential election campaign," mid-ranking and junior members are moving to seek their own candidates by holding meetings transcending factional borders. An increasing number of members are now recommending State Minister for Economic and Fiscal Policy Kaoru Yosano and Land, Infrastructure and Transport Minister Sadakazu Tanigaki. Meanwhile, Lower House member Taro Kono has given up on his candidacy.

The LDP presidential election will consist of 528 votes to be cast by 387 party legislators and 141 local chapter representatives with three votes allocated to each local chapter. The voting will take place in a joint plenary meeting of party members of both Houses of the Diet on the afternoon of Sept. 22.

Only Aso is now certain to run in the election. Although Koike, Ishihara, and others have been suggested as potential candidates, they have yet to secure 20 recommenders. Lawmakers seem to have been in emotional turmoil over whether they should give priority to their factions or an open political party advocated by former Prime

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Minister Junichiro Koizumi.

8) Yosano eager to run in LDP presidential race; junior lawmakers feeling out possibility of filing own candidate

YOMIURI (Top Play) (Full)  
September 4, 2009

A move in the Liberal Democratic Party (LDP) emerged yesterday aiming at fielding Economic and Financial Policy Minister Kaoru Yosano in the Sept. 22 party presidential election. Yosano has expressed his willingness to run in the presidential race. The official campaign for the LDP presidential race will kick off on Sept. 10. There is also a move to file former Defense Minister

Yuriko Koike as a candidate to vie against Secretary General Taro Aso, who has already expressed his intention to run. However, junior and mid-level lawmakers are looking into the possibility of fielding their own candidate. Yosano does not belong to any faction. Koike is a member of the Machimura faction.

As of Sept. 3, Policy Research Council Deputy Chairman Hiroyuki Sonoda, a member of the Koga faction, and Masazumi Gotoda, who is a Lower House member with no factional allegiance, have asked Yosano to stand in the election.

Gotoda told the press corps yesterday: "I want Yosano to come forward at any cost."

One of LDP lawmakers supporting Yosano said: "There is a prospect that we will be able to garner the support of 20 Diet members, the number needed to stand in the presidential election."

Yosano has advocated that in order to stabilize the social security system, a consumption tax hike is necessary. He holds a different view from a group of lawmakers, centering on Secretary General Hidenao Nakagawa, who have called for putting off tax increases.

In a bid to maintain the structural reform policy course, Nakagawa has been working on fielding Koike. He yesterday telephoned Taku Yamasaki, head of the Yamasaki faction, to ask him to support Koike.

The Machimura faction, the largest in the party, has decided not to back a specific candidate as one body.

"At this time, we cannot prevent a person who wants to stand in the race from running," former Prime Minister Yoshiro Mori, a supreme advisor to the Machimura faction, told reporters, when asked how he would respond if Koike announced her candidacy. He indicated that he would accept Koike's intent.

Regarding the move by junior and mid-level lawmakers, Lower House member Taro Kono, a member of the Aso faction, has begun calling on such LDP members to back him if he runs in the race. It remains uncertain whether he can garner support from 20 lawmakers.

Kono held talks with Nobuteru Ishihara, a Yamasaki faction member and former policy chief, Yasuhisa Shiozaki, a Koga faction member and former chief cabinet secretary, and former Administrative Reform Minister Yoshimi Watanabe, who does not belong to any faction. The four shared the perception that it would be desirable to hold a presidential race involving three or four candidates engaged in

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thorough policy debates.

9) Junior LDP lawmakers voice dissatisfaction with presidential election method

ASAHI (Page 1) (Excerpts)  
September 4, 2008

The Liberal Democratic Party reported at a joint meeting of its members in both chambers yesterday that presidential campaigning would start on Sept. 10 for the election on Sept. 22. The method of allocating three votes to each prefectoral chapter drew fire mostly from junior members, who think greater weight should be shifted to local votes.

In an LDP presidential election that occurs when the president has served out the full term, rank-and-file party members cast ballots that will be converted into 300 local votes. In an emergency situation resulting from the resignation of the president, votes are to be cast by members of the Upper and Lower Houses and three members representing each prefectoral chapter. In such an instance, the number of local votes would be 141, less than half of the original votes.

Based on the party rules, the Presidential Election Administration Committee has decided on votes by prefectoral representatives

without ballots by rank-and-file members, as was the case last year when the party selected a successor to then Prime Minister Abe. In response to Election Committee Chairman Hideo Usui's report in yesterday's meeting, Senior Vice-Foreign Minister Ichita Yamamoto said: "It is going to be the last chance for the LDP to turn around the situation and determine its future. We should allot 300 votes to the local chapters." Other junior members echoed Yamamoto's view.

But Joint Meeting Chairman Shuzen Tanigawa put an end to the discussion, saying, "Time's up." This prompted midlevel and junior members to complain that discussion must not be called off halfway through. The party's intention to play up an open presidential election stumbled from the outset.

10) DPJ alarmed at being overshadowed by LDP, after noting recovery of public support for that party in opinion poll; Plans to place emphasis on measures to draw media attention

ASAHI (Page 4) (Full)  
September 4, 2008

A nationwide spot opinion poll has showed public support for the Liberal Democratic Party (LDP) to be recovering. The survey was conducted on Sept. 2-3 by the Asahi Shimbun following Prime Minister Fukuda's announcement of his decision to step down. Alarmed that this trend might intensify as the party presidential election campaign begins in full swing, the Democratic Party of Japan (DPJ) yesterday launched a team to map out measures to draw media attention to itself.

The team, headed by Secretary General Yukio Hatoyama, will look into ways to transmit the party's information. Asked for his view about the recovery of public support for the LDP in an interview with the Asahi Shimbun, Hatoyama replied: "The survey result is attributed to the media's focus on the LDP preparing for its presidential race and other events following Prime Minister Fukuda's resignation."

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announcement." He emphasized the need to take countermeasures, remarking: "The DPJ has been criticized as lacking unity, but it is really important now for the party to show that the party is unified under President Ozawa."

One executive implied a sense of alarm, saying: "We had not anticipated that Mr. Fukuda would resign as prime minister at this juncture. Our party might be submerged, because members in the LDP are wrangling over who should become next prime minister. We must seriously consider how to send our message."

Meanwhile, Diet Affairs Committee Chairman Kenji Yamaoka was optimistic in commenting: "When a new prime minister comes in, the people expect the situation will get better. This is just a normal phenomenon. Public support of the LDP will drop as time passes."

In reply to a question about who is desirable as next premier, far more respondents picked LDP Secretary General Aso than those who chose Ozawa. One DPJ executive grumbled: "It cannot be helped because Mr. Aso is the frontrunner in the presidential election," and another said: "It is because Mr. Aso belongs to the ruling camp."

11) With Prime Minister Fukuda stepping down, future course of economic policy unclear

YOMIURI (Page 9) (Full)  
September 4, 2008

An unstable political situation has developed, following Prime Minister Fukuda's announcement of his intention to step down, affecting budget compilation-related matters and the implementation of an economic stimulus package, including environmental protection measures.

"Will the meeting really take place?"

The Fiscal Policy System Council, an advisory panel reporting to the

finance minister, launched discussion on September 3 on the compilation of the fiscal 2009 budget. There are many key issues on the agenda, such as the reallocation of special road-construction funds for other uses and raising the portion of the state's contribution to the basic pension. However, government circles are deeply perplexed by the prime minister's sudden resignation announcement and the ensuing confusion in the political situation, as can be seen in Chairman Taizo Nishimuro's having received phone calls on the previous day from several panel members asking whether the meeting would actually take place.

Concerning the compilation of the fiscal 2009 budget, specific measures to constrain the growth of social security expenses by 220 billion yen have yet to be adopted. How to constrain various ambitious budget requests filed by each government agency, including the education ministry's request for increasing school personnel, is also a thorny issue.

Nishimuro during a press conference on the 3rd stressed his intention to move forward with discussions in the run-up to the year-end compilation of the budget, regardless of the current unstable political situation. He said: "The economic and political situation will remain unclear for some time to come. However, I want to move ahead with the budget compilation process without being

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captivated by the current unstable situation." The panel at the meeting also confirmed its stance of compiling a report proposing the compilation of the budget.

However, depending on who will become the next prime minister, it may become necessary to drastically change the basic approach to compiling the budget. It is unlikely that the direction for the discussions will be set anytime soon.

Meeting cancelled all of sudden

Prime Minister Fukuda in July compiled the action program designed to realize a low carbon society as part of measures to address global warming and revealed a plan to launch on a trial basis a carbon emissions trading system allowing companies to trade emissions credits in October. However, the Liberal Democratic Party (LDP) yesterday all of a sudden cancelled a meeting to discuss a specific trading method, using preparations for the presidential election as justification.

The government intends to steadily implement the system, as one senior Economy, Trade and Industry Ministry official put it. However, there is concern that creation of the system might be delayed.

The prime minister's resignation announcement is also casting a pall over the fate of trade policy. Now that the new multilateral trade liberalization talks (Doha Round) under the World Trade Organization (WTO) have been put on hold, the government wants to boost bilateral trade talks. However, negotiations with South Korea are encountering difficulty. Japan is also at odds with Australia over the liberalization of the agricultural market. Political leadership is indispensable in bargaining with those countries. Under the present circumstance, the pace of negotiations could slow.

In response to Prime Minister Fukuda's wish to increase food self-sufficiency, the Ministry of Agriculture, Forestry and Fisheries intends to compile a plan to amend the farming land system with the aim of expanding the scale of agricultural management, by making the leasing of farmland easier, and submit related bills to the regular Diet session next year. However, some are beginning to doubt the feasibility of a set of policies with one saying, "There is no guarantee that the new administration would follow through with the current policy."

12) Finance Ministry to issue 500 billion yen in construction bonds to fund supplementary budget

The Finance Ministry on September 3 revealed a plan to issue construction bonds worth about 500 billion yen to fund the fiscal 2008 supplementary budget to be compiled as part of a comprehensive economic stimulus package.

The government and the ruling parties revealed a plan to secure approximately 1.8 trillion yen from the supplementary budget to cover portions of national expenses to be used for the economic stimulus package. It had been estimated that there would be a shortage of funding resources even after reserved funds from the initial fiscal 2008 budget and a surplus from the fiscal 2007 budget

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are used to implement the package.

The government, however, originally had decided not to issue additional deficit-covering government bonds to finance the supplementary budget to ensure that the policy of restoring fiscal balance could be upheld. Construction bonds are issued in order to share with future generations the cost of constructing state assets to be used for a long period of time, such as buildings and roads. They are differentiated from deficit-covering government bonds issued to make up for a shortfall in government expenses. However, there are no differences between the two types of bonds in the sense that issuing such bonds would increase the national debt.

The government will consider using construction bonds to finance mainly quake-proofing projects for public elementary and middle schools throughout the nation.

13) LDP, New Komeito agree to submit MSDF bill to extra Diet session

YOMIURI (Page 4) (Full)  
September 4, 2008

The ruling coalition of the Liberal Democratic Party and the New Komeito held the first meeting of its project team on the new Antiterrorism Special Measures Law in the Diet yesterday, with former LDP Vice President Taku Yamasaki presiding. The LDP and the New Komeito agreed in the meeting to present a bill at the forthcoming extraordinary Diet session amending the law to extend the Maritime Self-Defense Force's refueling activities in the Indian Ocean for another year. The ruling parties will make a formal decision in the project team's next meeting on Sept. 9. The two parties also confirmed that they would call on the leading opposition Democratic Party of Japan (Minshuto), which is opposed to extending the MSDF's refueling mission, for policy talks. However, there are no prospects for the legislation to pass the Diet.

After the meeting, Yamasaki indicated that the LDP, based on the outcome of the project team's next meeting, would enter into procedures to present the bill to the Diet. "We want to present the legislation (revising the new antiterror law)," Yamasaki told reporters. New Komeito Policy Council Chairman Yamaguchi also said it was "only natural" to present the bill.

In the meeting, however, the project team did not go so far as to discuss whether the ruling coalition would be able to pass the bill during the extraordinary Diet session. This is because there is still a perception gap between the two parties.

If the bill revising the law is rejected in the opposition-controlled House of Councillors, the LDP will take a second vote in the House of Representatives with a majority of two-thirds or more to override the upper chamber's decision. However the New Komeito remains reluctant to take a second vote in the lower chamber. In order for the ruling coalition to present the bill, the New Komeito has made it a precondition that the public's understanding must be sought and that policy talks with the DPJ and other opposition parties must be held.

The LDP will try to find common ground with the DPJ out of consideration for the New Komeito. However, the LDP is pessimistic about that idea. "The DPJ is strengthening its stand against us, so

they won't respond to policy consultations," a former cabinet minister said.

Meanwhile, the LDP and the New Komeito discussed almost nothing in the meeting about the idea of sending out the Self-Defense Forces for assistance activities in Afghanistan partly because of the local security situation going from bad to worse. "We are not considering any major changes in the (SDF's) activities," Yamaguchi said.

14) Japan-China-South Korea summit in danger; Next prime minister could attend UNGA

MAINICHI (Page 5) (Abridged slightly  
September 4, 2008

Japan was scheduled to host a trilateral summit with China and South Korea in Kobe on Sept. 21 for the first time independently apart from ASEAN summits. It was an important diplomatic event to confirm Japan's status as a leader and close ties among the three countries that serve as the engine of East Asia's politics and diplomacy. Japan bore heavy responsibility as the host of the event.

Chief Cabinet Secretary Nobutaka Machimura officially announced yesterday the postponement of the trilateral summit. He said: "We will continue making coordination to hold the event in Japan before the end of the year." September was picked because the Beijing Olympics were scheduled for August, an Asia-Europe Meeting for October, an Asia-Pacific Economic Cooperation meeting for November and an East-Asia Summit for December. If September is passed up, holding an independent trilateral summit will be difficult.

A senior Foreign Ministry official said: "Adjusting the timetables of the top leaders of the three countries is extremely difficult. The trilateral summit might be held on the sidelines of ASEM or other events." A Japan-South Korea summit and a Japan-China summit were held in Japan in April and May, respectively. Hosting the independent trilateral summit based on those events carried great significance for Japan, which wants to set its relations with China and South Korea at the center of its Asia diplomacy. Holding the trilateral summit on the sidelines of an international conference is effectively tantamount to halting the event.

Political turmoil resulting from the changeover of the prime minister also prevented Japan from delivering a speech at the UN General Assembly in New York in 2006 and 2007.

Prime Minister Yasuo Fukuda, wanting to avoid Japan's absence for the third consecutive year, expressed his eagerness to attend the UNGA this year until shortly before his resignation announcement. It is impossible for an outgoing prime minister to attend UNGA, according to a senior Foreign Ministry official. For this reason, Machimura expressed hope that the next prime minister will attend the UNGA regardless of the tight schedule. Such a suggestion comes from the desire to play up the next prime minister's presence ahead of the next Lower House election.

The prevailing view is that the Japanese prime minister will deliver a speech at the UNGA on Sept. 25, local time. The next LDP president is scheduled to be elected on Sept. 22 and will also be elected as the next prime minister at the outset of the next extraordinary Diet session on the 24th. According to a high-ranking government official, it is possible for the new prime minister to deliver a

speech at the UNGA by leaving Japan late at night on the 24th or on the morning of the 25th after assuming office and returning home that day by taking advantage of the time difference. It would be a three-day, zero-night trip to the United States, however.

The government and ruling coalition are fixated on the UNGA because it is a rare diplomatic event at which the next prime minister can demonstrate his presence, given the possibility of a Lower House

dissolution for a snap general election before the end of the year. In reality, traveling to the United States immediately after being elected prime minister seems quite difficult. An opposition lawmaker has raised a question about the next prime minister delivering a speech overseas before doing so in Japan. Obtaining Diet approval is not possible before the next prime minister is determined. UNGA attendance is on the line.

15) Foreign Ministry official suggests delay in reinvestigation into abductees

ASAHI (Page 4) (Abridged slightly)  
September 4, 2008

A senior Foreign Ministry official indicated yesterday that chances are high that the start of a reinvestigation into the fate of Japanese abductees by North Korea would be delayed due to Prime Minister Fukuda's resignation. He said: "North Korea could take a wait-and-see attitude until the next Japanese administration is determined."

Through Japan-DPRK working-level talks in August, the two countries agreed for Japan to lift restrictions on visits between the countries and to allow chartered flights linking the nations in return for the North setting up a reinvestigation committee at an early time. But Japan has not received any notice from the North about the establishment of the investigation committee.

In the talks, the two countries also agreed to aim at completing the reinvestigation in the fall. The official said: "A delay in the investigation naturally will delay results."

16) Government perplexed at report on North Korea's reassembling of nuclear facility, fearing effect on abduction issue

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A U.S. media company's report that North Korea has begun restoring its Yongbyon reactor perplexed Japanese government officials yesterday. In the last days of the Fukuda administration, the stalled issues with North Korea have plunged deeper into confusion.

Chief Cabinet Secretary Nobutaka Machimura said in a press conference yesterday that the government has yet to confirm whether the information is true.

Foreign Ministry spokesman Kazuo Kodama said in a press briefing: "We are aware of the report. The ministry has been exchanging information in close cooperation with other countries concerned." He added: "We hope North Korea will resume disabling its nuclear facilities and complete the work by the end of October."

In late August, North Korea issued a statement noting that it would

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cease its dismantlement program and consider putting the facility back together. If the report is proved true, it is a great shock for Japan.

The efforts made so far in the six-party talks to urge North Korea to dismantle its nuclear facilities may come to naught. In such a case, the nuclear threat might grow. If North Korea stiffens its attitude further, it may also become impossible to move forward negotiations on the issue of Japanese nationals abducted by its agents.

The report came in just after Prime Minister Fukuda announced his intention to step down. When the prime minister is unable to demonstrate his leadership, the government finds it difficult to decide how to respond and will have to take a wait-and-see attitude for a while.

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